

**From:** Ben Porter [bporter@porter-inc.com]

**Sent:** Friday, August 28, 2009 2:47 PM

**To:** Ryan, James (FTA)

**Subject:** Re: additional questions regarding Honolulu HCT financial plan

I think you've characterized it correctly, except that I still plan to submit a draft assessment on 9/1 (Tues.). If I get their responses by then, I'll incorporate them. If they come later, I'll modify the draft. Most probably, their responses will affect some of the details presented in the assessment, but are not likely to affect the rating.

best regards,

Ben

On Aug 28, 2009, at 11:37 AM, <[James.Ryan@dot.gov](mailto:James.Ryan@dot.gov)> wrote:

Ben:

We have another status update this afternoon and I'm sure I'll be asked about progress and completion of the financial review. I haven't seen a reply to the questions you posed to Toru; so you probably haven't either. I'm planning to say that the ball is in the City's court and that your completion of the review depends on when they get back to you and what they have to say. Do you have any revisions to that characterization?

Thanks.

Jim

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**From:** Ben Porter [<mailto:bporter@porter-inc.com>]

**Sent:** Wed 8/26/2009 4:15 PM

**To:** Toru Hamayasu

**Cc:** Mark Scheibe; Ryan, James (FTA); Donna McCoy, CPA

**Subject:** additional questions regarding Honolulu HCT financial plan

Dear Mr. Hamayasu:

I appreciate the County's quick response to my questions that were e-mailed on 8/18.

I have a few additional questions, listed below, to which I would appreciate your prompt attention.

1. Regarding the HCT GET surcharge revenue forecast, the financial plan text states that the current forecast is consistent with that of the Council on Revenues (COR). However, when I reviewed both the March forecast and August forecast of the COR, their year-to-year growth rates in state-level GET revenues are consistently lower than I calculate from the HCT GET surcharge forecast included in your August 2009 financial plan submittal. The table below shows a comparison of the most recent HCT and COR forecasts for fiscal years 2010-2015. From an examination of State and Honolulu County historical revenues, I find that the State and Honolulu GET revenues are highly correlated, so I would expect that the HCT GET revenue forecast would more closely match the COR forecast, if in fact they are consistent. Would you please explain how the HCT GET surcharge forecast is "consistent" with the COR forecast, and also why the annual growth rates are different?



2. The plan states that Phase 1 of the Project will be 100% locally funded. Please provide annual capital costs, net of financing, for Phase 1. Do you intend that Phase 1 not be part of the FFGA? If Phase 1 is part of the FFGA, then on what basis would Section 5309 New Starts funds be applied to it?
3. Are the bonds to be issued for the Project general obligation bonds or "self-supporting" bonds? If the latter, can you provide an example of similar bonds issued by Honolulu that did not require a debt service reserve or a minimum debt service coverage ratio for the issuance of additional bonds? Do you anticipate the HCT GET surcharge revenues to be pledged as a credit for the bonds?
4. The plan assumes \$500 million in short-term financing. What kind of approval is required? How is this debt to be secured? If it is to be secured by the HCT GET surcharge, is it to be subordinate to the other debt to be issued for the Project?
5. The plan assumes that 33% of bus and HandiVan capital costs will be funded from Section 5309 Bus grants. What is the basis for this assumption?
6. Please provide the annual revenue vehicle hours to be operated on the fixed guideway system.

Thank you for your consideration. Please feel free to call me if you have any questions.

best regards,  
Ben Porter

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